

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE APPLICATION OF)
THE FUEL ADJUSTMENT CLAUSE OF)
KENTUCKY POWER COMPANY FROM) CASE NO. 2014-00450
NOVEMBER 1, 2012 THROUGH OCTOBER 31,)
2014)

NOTICE OF FILING

Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recording of the evidentiary hearing conducted on June 2, 2015 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- A written log listing, *inter alia*, the date and time of where each witness' testimony begins and ends on the digital video recording of the evidentiary hearing conducted on June 2, 2015.

A copy of this Notice, the certification of the digital video record, and hearing log have been electronically served upon all persons listed at the end of this Notice. Parties desiring an electronic copy of the digital video recording of the hearing in Windows Media format may download a copy at http://psc.ky.gov/av_broadcast/2014-00450/2014-00450_02Jun15_Inter.aspx. Parties wishing an annotated digital video recording may submit a written request by electronic mail to pscfilings@ky.gov. A minimal fee will be assessed for a copy of this recording.

Done at Frankfort, Kentucky, this 8th day of June 2015.

A handwritten signature in cursive script that reads "Linda Faulkner".

Linda Faulkner
Director, Filings Division
Public Service Commission of Kentucky

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In the Matter of:

AN EXAMINATION OF THE APPLICATION OF)
THE FUEL ADJUSTMENT CLAUSE OF) CASE NO. 2014-00450
KENTUCKY POWER COMPANY FROM)
NOVEMBER 1, 2012 THROUGH OCTOBER)
31, 2014)

AN EXAMINATION OF THE APPLICATION OF)
THE FUEL ADJUSTMENT CLAUSE OF BIG) CASE NO. 2014-00455
RIVERS ELECTRIC CORPORATION FROM)
NOVEMBER 1, 2012 THROUGH OCTOBER)
31, 2014)

CERTIFICATE

I, Sonya Harward, hereby certify that:

1. The attached DVD contains a digital recording of the Hearing conducted in the above-styled proceeding on June 2, 2015. The Hearing Log and Witness List are included with the recording on June 2, 2015.
2. I am responsible for the preparation of the digital recording.
3. The digital recording accurately and correctly depicts the Hearing of June 2, 2015.
4. The "Hearing Log" attached to this Certificate accurately and correctly states the events that occurred at the Hearing of June 2, 2015 and the time at which each occurred.

Given this 5th day of June, 2015.



Sonya Harward (Boyd), Notary Public
State at Large
My commission expires: August 27, 2017





Session Report - Detail

2014-00450 and 2014-00455_02June2015

KY Power Company and Big Rivers Electric Corp.

Date:	Type:	Location:	Department:
6/2/2015	Fuel Adjustment Clause	Public Service Commission	Hearing Room 1 (HR 1)

Judge: David Armstrong; Jim Gardner; Dan Logsdon

Witness: Lindsay Baron - Big Rivers Electric Company; Lawrence Baronowsky - Big Rivers Electric Company; Christopher Bradley - Big Rivers Electric Company; Nicholas Castlen - Big Rivers Electric Company; Roger Hickman - Big Rivers Electric Company; Mark McAdams - Big Rivers Electric Company; Daniel Moyer - KY Power Company; Murray (Wayne) O'Bryan - Big Rivers Electric Company; Dr. John Rogness - KY Power Company; Aaron Sink - KY Power Company; Charles West - KY Power Company

Clerk: Sonya Harward

Event Time	Log Event
9:53:46 AM	Session Started
9:53:51 AM	Session Paused
9:58:10 AM	Session Resumed
9:58:16 AM	Vice Chairman Jim Gardner Introduces Case No. 2014-00450, Kentucky Power Company
9:58:28 AM	Atty. Ken Gish for KY Power Note: Harward, Sonya Witnesses for Kentucky Power: Chuck West , Dr. John Rogness, Dan Moyer, and Aaron Sink. Dr. Kelly Pierce is not here but provided testimony in this case.
9:58:45 AM	Camera Lock Deactivated
9:59:18 AM	Atty. Jennifer Black Hans for the Attorney General's Office
9:59:21 AM	Atty. Kurt Boehm for Kentucky Industrial Utility Customers
9:59:24 AM	Atty. Hans - Statement Note: Harward, Sonya The AG and KIUC sponsored a witness, Lane Kollen, whose testimony has been withdrawn due to a stipulation in the rate case.
10:00:01 AM	Attys. Jeb Pinney, Quang Nguyen, and Jonathan Beyer for the Public Service Commission Note: Harward, Sonya Also accompanied by Commission Staff, Chris Whelan and Eddie Beavers.
10:00:17 AM	Vice Chairman Gardner Introductions Note: Harward, Sonya Introduces Chairman David Armstrong and Commission Dan Logsdon.
10:00:33 AM	Public Notice filed May 28
10:00:44 AM	Outstanding Motions Note: Harward, Sonya Only outstanding motions are for confidential treatment of specific materials.
10:01:03 AM	Public Comment Note: Harward, Sonya No public to speak.
10:01:25 AM	Atty. Pinney - Statement Note: Harward, Sonya A Settlement has been entered in this case, therefore, the no-load cost will not be addressed in this preceeding.
10:02:00 AM	KY Power Counsel and Witness's Sworn In
10:02:12 AM	Atty. Gish Direct Exam of Witness West Note: Harward, Sonya Witness has a correction in the table on page 5 of his testimony.
10:03:10 AM	Atty. Gish Direct Exam of Witness Rogness Note: Harward, Sonya Witness provides a few changes to his testimony.
10:05:12 AM	Atty. Gish Direct Exam of Witness Moyer Note: Harward, Sonya No corrections to responses to DRs.

10:05:31 AM	Atty. Gish Direct Exam of Witness Sink Note: Harward, Sonya	No corrections to responses to DRs.
10:05:49 AM	Atty. Boehm Cross Exam of KY Power (Response by Witness Rogness) Note: Harward, Sonya	Describe the Settlement Agreement in CN 2014-00396, and how the agreement effects this case in respect to no-load cost.
10:07:36 AM	Atty. Pinney Cross Exam of KY Power (Response by Witness West) Note: Harward, Sonya	Referencing Witness's Testimony, p. 9, lines 15-19, and asking witness about changes in the MATS rule having an impact on the cost of coal.
10:09:31 AM	Atty. Pinney to Witness West Note: Harward, Sonya	Asking witness what he means by 'cutbacks,' and about shutdowns this weekend.
10:10:07 AM	Atty. Pinney to KY Power (Response by Witness Moyer) Note: Harward, Sonya	Referencing the response to Comm. Staff's First Request for Information, Item 9, regarding outages and the type of work that was performed during the lengthy outages.
10:12:14 AM	Atty. Pinney to KY Power (Response by Witness Rogness) Note: Harward, Sonya	Referencing the response to Comm. Staff's First Request for Information, Item 10, regarding the difference between the 'peak internal demand' column and the 'peak system demand' column.
10:13:20 AM	Atty. Pinney to KY Power (Response by Witness Rogness) Note: Harward, Sonya	Referencing the response to Comm. Staff's First Request for Information, Item 12, regarding sales to individual electric utilities and if they were through bilateral agreements.
10:14:05 AM	POST HEARING DATA REQUEST by Atty. Pinney Note: Harward, Sonya	Provide a response about the electric utilites listed in the response to Item 12 of Comm. Staff's First Request, concerning whether the sale is to the market in general or to the specific utilities listed when KY Power puts the energy into PJM.
10:14:47 AM	Atty. Pinney to KY Power (Response by Witness Rogness) Note: Harward, Sonya	Referencing the response to Comm. Staff's First Request for Information, Item 13, regarding monthly line losses becoming more volatile.
10:15:58 AM	POST HEARING DATA REQUEST by Atty. Pinney Note: Harward, Sonya	Explain the reason for the volatility in the line loss shown in response to Comm. Staff's First Request, Item 13.
10:16:12 AM	Atty. Pinney to KY Power (Response by Witness Sink) Note: Harward, Sonya	Referencing the response to Comm. Staff's First Request for Information, Item 14, Attachment, p. 1 of 2, regarding outages labeled 'out of coal.'
10:17:46 AM	Atty. Pinney to KY Power (Response by Witness West) Note: Harward, Sonya	Referencing the response to Comm. Staff's First Request for Information, Item 20, regarding a modification and if truck delivery at the Mitchell Plant would be cheaper or more expensive after such modification.
10:18:38 AM	Atty. Pinney to KY Power (Response by Witness West) Note: Harward, Sonya	Referencing the response to Comm. Staff's First Request for Information, Item 25, which refers to KPSC 125, Attachment 3, but the attachment was not filed.
10:19:22 AM	POST HEARING DATA REQUEST by Atty. Pinney Note: Harward, Sonya	File the attachment referred to in the response to Comm. Staff's First Request, Item 25.
10:19:28 AM	Atty. Pinney to KY Power (Response by Witness West) Note: Harward, Sonya	Referencing the response to Comm. Staff's First Request for Information, Item 25, Attachment 2, page 1 of 1, regarding if any of the bids were selected.

10:19:58 AM POST HEARING DATA REQUEST by Atty. Pinney
Note: Harward, Sonya Provide a list of which bids were selected, per the response to Comm. Staff's First Request, Item 25, Attachment 2.

10:20:10 AM Atty. Pinney to KY Power (Response by Witness West)
Note: Harward, Sonya Referencing the response to Comm. Staff's First Request for Information, Item 26, regarding bids being selected.

10:20:40 AM POST HEARING DATA REQUEST by Atty. Pinney
Note: Harward, Sonya Provide a list of which bids were selected, per the response to Comm. Staff's First Request, Item 26, and explain why some are confidential and others are not confidential.

10:21:01 AM Atty. Pinney to KY Power (Response by Atty. Gish)
Note: Harward, Sonya Explains why some of the bids were requested to be kept confidential and some were nonconfidential.

10:21:52 AM Atty. Pinney to KY Power (Response by Witness West)
Note: Harward, Sonya Referencing the response to Comm. Staff's First Request for Information, Item 27, regarding percentages of spot purchases and contract purchases after the conversion of Big Sandy Unit 1 now that Big Sandy Unit 2 has been retired.

10:24:42 AM Atty. Pinney to Witness West
Note: Harward, Sonya Asks witness to explain why most purchases were made on spot rather than contract purchases.

10:26:28 AM Atty. Pinney to KY Power (Response by Witness Rogness)
Note: Harward, Sonya Referencing the response to Comm. Staff's Second Request for Information, Item 1, regarding Big Sandy Unit 1, Rockport, and Mitchell Plant having capacity to reach its peak demand plus a reserve margin.

10:28:16 AM Atty. Pinney to KY Power (Response by Witness Rogness)
Note: Harward, Sonya Referencing the response to Comm. Staff's Second Request for Information, Item 13, regarding "make-whole operating reserve payments" being credited to the native-load customers through the FAC if the energy is not used by native-load customers.

10:30:30 AM Commissioner Logsdon Cross Exam of KY Power (Response by Witness Sink)
Note: Harward, Sonya Confirming that Big Sandy Unit 2 has been retired.

10:30:59 AM Atty. Gish Re-Direct to Witness Rogness
Note: Harward, Sonya Clarifying a response by Witness Rogness, and referencing the response to Comm. Staff's First Request for Information, Item 10.

10:33:32 AM Atty. Pinney Re-Cross Exam of KY Power (Response by Witness Sink)
Note: Harward, Sonya Asks witness for the date that Big Sandy Unit 2 was formally retired.

10:34:09 AM Reviewed POST HEARING DATA REQUESTS

10:35:52 AM POST HEARING DATA REQUESTS are due in 10 business days

10:36:00 AM Hearing Adjourned for Case No. 2014-00450

10:36:14 AM Session Paused

10:37:32 AM Session Resumed

10:37:34 AM Session Paused

10:37:53 AM Session Resumed

10:37:55 AM Vice Chairman Jim Gardner Introduces Case No. 2014-0045, Big Rivers Electric Corporation

10:38:08 AM Vice Chairman Gardner Introductions
Note: Harward, Sonya Introduces Chairman David Armstrong and Commission Dan Logsdon.

10:38:24 AM Atty. Tyson Kamuf for Big Rivers Electric Corp.
Note: Harward, Sonya Also comments that this case was consolidated with Big Rivers' last FAC case, Case No. 2014-00230.

10:38:46 AM Atty. Jennifer Black Hans for the Attorney General's Office

10:38:51 AM Atty. Kurt Boehm for Kentucky Industrial Utility Customers

10:38:56 AM Attys. Jonathan Beyer, Jeb Pinney, and Quang Nguyen for the Public Service Commission

10:39:13 AM	Public Comment Note: Harward, Sonya	No public to speak.
10:39:33 AM	Atty. Boehm - Statement Note: Harward, Sonya	KIUC is not withdrawing Witness Lane Kollen's testimony, but they were advised by all parties that there would be no questions for him since KIUC's position is already in the stipulation.
10:39:55 AM	Big Rivers' Counsel and Witnesses Sworn In	
10:40:09 AM	Atty. Kamuf Direct Exam of Witness Mark Adams Note: Harward, Sonya	No changes to pre-filed testimony or responses.
10:40:43 AM	Atty. Kamuf Direct Exam of Witness Lindsay Barron Note: Harward, Sonya	No changes to pre-filed testimony, responses, or stipulation testimony.
10:41:14 AM	Atty. Kamuf Direct Exam of Witness Nicholas Castlen Note: Harward, Sonya	No changes to pre-filed testimony or responses.
10:41:41 AM	Atty. Kamuf Direct Exam of Witness Murray Wayne O'Byran Note: Harward, Sonya	No changes to pre-filed testimony or responses.
10:42:11 AM	Atty. Kamuf Direct Exam of Witness Lawrence Baronowsky Note: Harward, Sonya	No changes to pre-filed responses.
10:42:38 AM	Atty. Kamuf Direct Exam of Witness Christopher Bradley Note: Harward, Sonya	No changes to pre-filed responses.
10:43:09 AM	Atty. Kamuf Direct Exam of Witness Roger Hickman Note: Harward, Sonya	No changes to pre-filed responses.
10:43:44 AM	Outstanding Motions Note: Harward, Sonya	Besides the motion to approve the stipulation, there is also one for confidential treatment.
10:43:59 AM	Public Notice Has Been Filed	
10:44:13 AM	Atty. Beyer Cross Exam of Witness O'Bryan Note: Harward, Sonya	Referencing the Witness's Direct Testimony, p. 4, lines 16-21, regarding the Reid Units.
10:45:34 AM	Atty. Beyer to Big Rivers (Response by Witness O'Bryan) Note: Harward, Sonya	Referencing the response to Comm. Staff's First Request for Information, Item 5, regarding the decrease from 2015 to 2016 shown on second row of this page.
10:46:55 AM	Atty. Beyer to Big Rivers (Response by Witness Baronowsky) Note: Harward, Sonya	Referencing the response to Comm. Staff's First Request for Information, Item 9, regarding an outage for the Reid Units.
10:47:23 AM	Atty. Beyer to Big Rivers (Response by Witness McAdams) Note: Harward, Sonya	Referencing the response to Comm. Staff's First Request for Information, Item 15, Sebree mining contract, p. 2-4, Sections I and K, regarding difference in coal qualities between a, b, c, and d.
10:49:04 AM	Atty. Beyer to Big Rivers (Response by Witness McAdams) Note: Harward, Sonya	Asking witness what quality of coal Big Rivers takes under the contract.
10:49:51 AM	Atty. Beyer to Big Rivers (Response by Witness McAdams) Note: Harward, Sonya	Referencing the response to Comm. Staff's First Request for Information, Items 19 and 20, regarding barge delivery.
10:51:13 AM	Atty. Beyer to Big Rivers (Response by Witness McAdams) Note: Harward, Sonya	Referencing the response to Comm. Staff's First Request for Information, Item 21.c., regarding the current inventory level.
10:52:34 AM	Atty. Beyer to Witness McAdams Note: Harward, Sonya	Asking for more specific steps that are to be taken to reduce the inventory.

10:53:12 AM Atty. Beyer to Big Rivers (Response by Witness McAdams)
Note: Harward, Sonya Referencing the response to Comm. Staff's First Request for Information, Item 25.a., regarding the Coleman Unit being on the list for coal solitaitaion.

10:54:21 AM Atty. Beyer to Big Rivers (Response by Witness McAdams)
Note: Harward, Sonya Referencing the response to Comm. Staff's First Request for Information, Item 27, regarding PECTO purchases being spot purchases and why not long-term contracts.

10:55:40 AM Atty. Beyer to Big Rivers (Response by Witness O'Bryan)
Note: Harward, Sonya Referencing the response to Comm. Staff's Second Request for Information, Item 1.c. p. 3 of 3, asking witness to explain the meaning of "economic offer status."

10:57:03 AM Atty. Beyer to Big Rivers (Response by Witness Castlen)
Note: Harward, Sonya Referencing the response to Comm. Staff's Second Request for Information, Item 2.c., page 3 of 4, regarding which numbers were included in the FAC from the Jan. 2014 and Aug. 2014 reports, and on which line items.

10:58:09 AM POST HEARING DATA REQUEST by Atty. Beyer
Note: Harward, Sonya Provide the information requested regarding numbers used to prepare the FAC in the response to Comm. Staff's Second Request for Information, Item 2.c., page 3.

10:58:31 AM Atty. Beyer to Big Rivers (Response by Witness Baron)
Note: Harward, Sonya Referencing the Stipulation and Recommendation and Testimony of Lindsey Baron, filed May 29, last page of testimony, p. 5 of 5, regarding why the stipulation is subject to RUS approval.

11:00:19 AM Atty. Beyer to Big Rivers (Response by Atty. Kamuf and Witnesses Castlen and Baron)
Note: Harward, Sonya Asking witness what would happen if approval from the Commission or RUS was not received in time for Big Rivers to file its FAC for August.

11:01:16 AM Atty. Beyer to Big Rivers (Response by Witness Baron)
Note: Harward, Sonya Referencing the Stipulation, p. 3, paragraph 1, regarding how \$311,000/month amount was calculated.

11:03:00 AM Atty. Beyer to Big Rivers (Response by Atty. Kamuf)
Note: Harward, Sonya Referencing the Stipulation, p. 5, paragraph 8, and Exhibit A, and asking why Big Rivers believes that a change in tariff is necessary rather than just a Commission Order.

11:04:30 AM Atty. Beyer to Big Rivers (Response by Witness Castlen)
Note: Harward, Sonya Asking for confirmation that the last credit will be for the expense month September 2016.

11:04:52 AM Atty. Beyer to Witness O'Bryan
Note: Harward, Sonya Asking witness to explain why Big Rivers is not considering entering into a firm contract for delivery of gas once Reid Unit 1 is converted to operate on natural gas.

11:05:53 AM Review of POST HEARING DATA REQUEST

11:06:08 AM POST HEARING DATA REQUEST due in 10 business days

11:06:22 AM Vice Chairman Gardner Grants Motion to Allow Stipulation to be Filed

11:06:41 AM Parties are Sworn to Questions about the Stipulation
Note: Harward, Sonya Atty. Kamuf, Witness Baron, Atty. Hans, and Atty. Boehm stand and raise their hands.

11:07:41 AM Vice Chairman Gardner - Statement for the Record
Note: Harward, Sonya Confirming that the Stipulation relates only to the no-load cost issue.

11:08:16 AM Hearing Adjourned for Case No. 2014-00455

11:08:19 AM Session Paused

9:44:26 AM Session Ended

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